

## Economic Analysis - Key Points to Remember

1. Cost-benefit analyses or some aspect thereof is required under MSA, EO 12866, and RFA. Analysis of economic impacts is required under MSA but not EO 12866 or RFA.
2. Direct and indirect economic effects are to be addressed under NEPA, MSA, and EO 12866, but RFA is only concerned with economic effects on those directly regulated by the action.
3. An economically efficient allocation of a resource occurs when the marginal willingness to pay for the resource is equal across sectors; allocate resources based on economic value/net economic benefits not economic impacts.
4. Net economic benefits are measured by the combination of consumer surplus and producer surplus (economic profits).
5. Most critical determination under RFA is whether the action has a significant (adverse) economic effect on a substantial number of small entities. If it does, seek alternatives to minimize adverse effects.